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SPECIAL ANALYSIS

(1b)

USSR: Problems in Food Supply

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The food supply in the USSR is becoming tighter, putting more pressure on the retail food network and on the special food distribution system. Shortages seem most severe in the Russian Soviet Federated Socialist Republic, which was particularly hard hit by the drought last summer.

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Agricultural production in 1981 was 10 percent below the record high of 1978. Despite unprecedented and costly imports of grain and other foodstuffs--accounting for some 40 percent of hard currency imports--supplies to the consumer have failed to keep pace with the continued growth in demand caused by steady wage increases.

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Agricultural Production (in millions of tons)

	1978-79	1980-81
Meat	15.5	15.1
Milk	94	89.7
Potatoes	88.6	69.5
Vegetables	27.6	25.8

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Although supplies in Leningrad and Moscow are better than in most areas, they are becoming worse in state stores and in the collective farm markets. Food supplies were augmented in Leningrad immediately after the announcement of martial law in Poland and again on New Year's Eve, but they were lower than normal by the end of the first week in January. In Moscow, queues for many items are growing longer.

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Officials of the US Embassy who recently visited Kalinin, a city of 500,000 inhabitants northwest of Moscow, described the food situation there as "appalling." Embassy travelers to major cities in the Lithuanian SSR and the Ukrainian SSR also have reported extensive shortages.

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The party leader in the Georgian SSR recently referred publicly to the introduction of rationing in cities and expressed concern for the effect on rural residents who can no longer meet their food needs by traveling to urban areas.

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Measures To Avert Protest

The leadership takes a serious view of the food shortage. In addition to distributing food in factories and urging informal rationing, the leadership has taken several steps to manage the situation.

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Food imports are playing a large role in keeping food supplies at a tolerable level. Meat imports since 1978 have increased by about six times to 900,000 tons in 1981--the equivalent of 6 percent of production. Imports of butter in 1980, the latest year for which data are available, were 11 times higher than in 1978 and equaled about 16 percent of production.

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The government will continue to import substantial amounts of agricultural commodities. It is resorting to short-term financial arrangements to carry it over potential cash flow problems.

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Last fall, the government launched an anticorruption campaign, which attempts to divert consumer criticism of the state by blaming the shortages on hoarding, speculation, and bribery. The leadership also is pointing to increased defense needs in response to US military spending as a cause of domestic shortages. In addition, the Soviet press is trying to shift resentment toward the Poles by focusing on Polish economic problems and the need for Soviet aid to Poland.

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Outlook

Over the short term, the supply of quality foods probably will worsen. Increased supplies of meat will occur only if there is substantial distress slaughtering. Although the leadership places a high priority on maintaining herds, the poor livestock feed supply in the RSFSR probably will lead to some extra slaughtering this winter. The resulting improvement in meat supplies would be only temporary.

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The supply of milk and other dairy items will not improve before early summer. Shortages of potatoes and other vegetables will persist until spring when vegetables from the southern republics begin to be available. Reserves are low and imports cannot offset production shortfalls.

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Some incidents of food-related unrest are likely. The government's technique of supplying emergency food, however, should help prevent local flareups from spreading or lasting long. The increasing stringency in food supplies, however, may further damage the growth in labor productivity.

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